

Message Text

LIMITED OFFICIAL USE

PAGE 01 PANAMA 03077 031629Z

ACTION PM-04

INFO OCT-01 ARA-06 ISO-00 INR-07 SS-15 OMB-01 IGA-02

TRSE-00 SP-02 L-03 SAB-02 EB-07 /050 W

-----040042Z 111763 /14

R 031440Z MAY 77

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 1720

SECDEF WASHDC

INFO AFAC DENVER CO/SAAC//

LIMITED OFFICIAL USE PANAMA 3077

JOINT/STATE/DEFENSE MESSAGE

SECDEF WASHDC ALSO FOR DSAA/ISA

EO 11652: N/A

TAGS: MASS, PN

SUBJECT: PANAMA FMS DEBT

A. AFAC DENVER COLORADO/SAAC MESSAGE DTG 011600Z MAR 77 (NOTAL);

B. COMUSMILGP PANAMA MESSAGE DTG 121700Z APR 77; C COMUSMILGP
PANAMA MESSAGE DTG 261657Z JAN 77.

1. REFERENCE A PROVIDED A LISTING OF PANAMA'S FMS DEBT. WHILE
THE MESSAGE CONTAINS NUMEROUS ERRORS, PANAMA'S FMS DEBT IS APPROX-
IMATELY \$1.5 MILLION. REFERENCE A ALSO SUGGESTS THE POSSIBILITY
OF INTEREST ASSESSMENT AND/OR STOP SHIPMENT IF PANAMA DOES NOT
SETTLE THE FMS DEBT. THE MESSAGE ALSO SUGGESTS PANAMA CONSIDER
APPLYING THE \$500,000 FY76 FMS CREDIT TO THE DEBT.

2. ALTHOUGH PANAMA DOES HAVE A LARGE DEBT AND ITS ECONOMIC
PICTURE IS DISCOURAGING, IT HAS MADE AN EFFORT IN THE PAST YEAR
TO REDUCE THE ARREARAGES. DEBT ANALYSIS INDICATES HALF
(APPROXIMATELY \$770,000) WAS INCURRED AS A RESULT OF PANAMA'S
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PANAMA 03077 031629Z

PARTICIPATION IN THE UN MIDEAST PEACEKEEPING FORCE IN 1973.
PANAMA CONSIDERS THIS PORTION A UN DEBT. ADMITTEDLY THE UN CASES
IN QUESTION WERE CONSUMMATED BILATERAL FMS AGREEMENTS BETWEEN
THE US AND PANAMA, HOWEVER, PANAMA ASSERTS THE UN HAD PROMISED
REIMBURSEMENT FOR THIS EXPENDITURE.

3. THE RECENT SCRUTINY OF PANAMA FMS ARREARAGES HAS RESULTED IN

SUGGESTIONS FOR ACTIONS TO INCLUDE THE PROPOSAL MADE IN REFERENCE

A. ADDITIONALLY, THERE HAVE RECENTLY BEEN EXCESSIVE DELAYS IN APPROVING BOTH THE FY77 FMS \$1 MILLION CREDIT AND PANAMA'S REQUESTS TO PURCHASE EQUIPMENT (REFERENCE C), WITH THIS CREDIT AND THE PREVIOUSLY APPROVED \$.5 MILLION CREDIT.

4. WE THINK PANAMA NOW BELIEVES THE US SUPPORTS THE CONCEPT OF FORCE DEVELOPMENT FOR THE GUARDIA NACIONAL. BOTH THE GN AND PANAMA'S TREATY NEGOTIATORS HAVE BEEN TOLD DEFENSE MATURITY IS ESSENTIAL IF THEY ARE TO ASSUME A MEANINGFUL ROLE IN THE COMBINED DEFENSE OF THE CANAL UNDER A NEW TREATY. THE OFFER OF FY76 AND 77 FMS CREDIT WAS TAKEN AS A CONCRETE INDICATION TO PANAMA OF US INTENTIONS TO ASSIST GN FORCE DEVELOPMENT. THE EXCESSIVE DELAYS IN APPROVING THE FY77 CREDIT AND SALES, HOWEVER, ARE CAUSING THE GN TO BECOME INCREASINGLY SUSPICIOUS OF OUR INTENTIONS. TOP AND MID-LEVEL GN OFFICERS INTERPRET THE LACK OF POSITIVE US RESPONSES AS RENEGING ON OUR CREDIT OFFERS, AN IMPLICIT RETURN TO PAST PATERNALISTIC DEFENSE POLICIES WHICH THWARTED GN FORCE DEVELOPMENT.

5. THESE MISINTERPRETATIONS, SUSPICIONS AND DISTRUST WILL CONTINUE TO GROW UNLESS IMMEDIATE AND POSITIVE ACTION IS TAKEN TO REVERSE PANAMA'S PERCEPTIONS OF RECENT US ACTIONS. SPECIFICALLY, WE BELIEVE THAT AS A MINIMUM THE US SHOULD:

A. APPROVE AND CONSUMMATE THE \$1 MILLION FMS CREDIT NOW PENDING.

B. APPROVE THE SALE OF THE EQUIPMENT AND ISSUE LETTERS OF OFFER REQUESTED FOR THE FIRST GN BATTALION AND THE IMPROVEMENT OF THE GN MARINA (REFERENCE C), AND

C. HALT THE THREATENED ACTIONS OF INTEREST ASSESSMENT ON THE EXISTING DEBT AND STOP SHIPMENTS ON FMS PURCHASES (REFERENCE A).

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PANAMA 03077 031629Z

6. PANAMA HAS APPROACHED DEFENSE MATURITY HESITATINGLY AND ONLY AT US URGING. AT BEST, THEY WILL INTERPRET THE RECENT US DELAYS AND ACTIONS AS A POLICY REVERSAL CONFUSING OR INCONSISTENT WITH THE TREATY ORIENTED STATEMENTS ABOUT COMBINED DEFENSE. AT WORST, THEY MAY REGARD THESE DELAYING ACTIONS AS A PLOY TO SABOTAGE IMPLEMENTATION OF OUR STATED INTENTIONS REGARDING OUR RELATIONSHIPS UNDER A NEW TREATY.

7. THE US MUST NOT INITIATE FMS POLICIES INCONSISTENT WITH THE GOAL OF ACHIEVING A NEW TREATY WITH PANAMA. ALL DEFENSE RELATED ISSUES MUST BE CONSISTENT TO ACHIEVE THIS GOAL.

8. THE COMMANDER IN CHIEF, USSOUTHCOM, CONCURS.

JORDEN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, MILITARY ASSISTANCE PROGRAMS, DEBT REPAYMENTS, MILITARY CREDIT
Control Number: n/a
Copy: SINGLE
Sent Date: 03-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977PANAMA03077
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770155-0569
Format: TEL
From: PANAMA JOINT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770599/aaaadicc.tel
Line Count: 113
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 01d5309b-c288-dd11-92da-001cc4696bcc
Office: ACTION PM
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 26-Aug-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2655637
Secure: OPEN
Status: NATIVE
Subject: PANAMA FMS DEBT A. AFAC DENVER COLORADO/SAAC MESSAGE DTG 011600Z MAR 77 (NOTAL); B. COMUSMILGP PANAMA MESSAGE DTG 121700Z APR 77; C
TAGS: MASS, PN, US
To: STATE DOD
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/01d5309b-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009